

Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5064

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E.O. 11652: N/A

TAGS: EWWT, IMCO, AORG

SUBJ: IMCO COUNCIL/ASSEMBLY BUDGET ISSUES

1. SECGEN SRIVASTAVA'S VIEWS ON BUDGETARY ISSUES TO
BE CONSIDERED BY EXTRAORDINARY COUNCIL AND 9TH ASSEMBLY
FOLLOW:

(A) ALL DELAYS IN PERSONNEL HIRING PROPOSED TO
ACHIEVE 5 PERCENT REDUCTION IN BUDGET AGREED AT COUNCIL
IN JUNE VERY CAREFULLY CONSIDERED BY SECGEN. WHILE HE
NOT PLEASED WITH ANY OF PROPOSED REDUCTIONS DUE TO
EFFECT ON STAFFING AND IMCO PROGRAMS, THEY ARE BEST HE
COULD WORK OUT IN HIS VIEW. IN REGARD TO DELAY IN
HIRING FOR TWO STAFF POSITIONS FOR OCEAN DUMPING WORK,
SRIVASTAVA TOLD US THIS DECISION MADE BEFORE IT BECAME
APPARENT THAT CONVENTION WOULD ENTER INTO FORCE AS
EARLY AS IT HAS. HE NOW BELIEVES IT WILL BE DESIRABLE
AND NECESSARY THAT THESE POSITIONS BE RESTORED FOR
76/77 BIENNIEUM AND WOULD HOPE THAT IN VIEW OF EARLY
NEED TO IMPLEMENT CONVENTION, ACTION TO DO THIS COULD
BE TAKEN AT COUNCIL/ASSEMBLY. HOWEVER, HE CAUTIONED
THAT IF THIS DONE, POSITIONS COULD NOT BE FUNDED BY
OTHER REDUCTIONS WHICH HE CONSIDERS IMPOSSIBLE. IN
THIS REGARD HE NOTED FAVORABLE MOVEMENT IN DOLLAR/POUND
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EXCHANGE RATE (POUND NOW EQUALS ABOUT 2.05 DOLLARS)

SINCE BUDGET WAS COSTED. HE IS BANKING ON FACT THAT COUNCIL WILL NOT REDUCE BUDGET BELOW 5 PERCENT CUT LEVEL TO TAKE ACCOUNT OF GAINS FROM NEW EXCHANGE RATE. HE CONSIDERS THAT ADDITIONAL NECESSARY EXPENDITURES SUCH AS FOR OCEAN DUMPING STAFF POSITIONS COULD BE HANDLED FROM THIS WINDFALL INCREASE IN PURCHASING POWER OF BUDGET. HE ALSO FEELS VERY STRONGLY THAT SUMS HE PROPOSED IN ORIGINAL BUDGET FOR TRANSPORTATION SHOULD BE RESTORED.

(B) ADDITIONAL EXPENSES: SECGEN POINTED OUT THAT IMCO WILL NEED TO PAY UK PROPERTY SERVICES AGENCY (PSA) SOME 600,000 DOLLARS OVER NEXT TWO YEARS FOR SERVICES PSA WILL PROVIDE AS AGREED BY COUNCIL IN CONNECTION WITH NEW BUILDING PROJECT. IN ADDITION, SOME 100,000 DOLLARS EXTRA WILL BE NEEDED TO DEFRAY COST OF IMCO CONSULTANT FOR NEW BUILDING. SRIVASTAVA SAID THESE COSTS COULD EITHER BE ADDED TO BUDGET OR, PERHAPS, BE COVERED BY LOAN FROM SOME MEMBERS OF ORGANIZATION BUT THEY MUST BE AVAILABLE DURING NEXT TWO YEARS HOWEVER THEY ARE PROVIDED. IN ANY EVENT, HE SAID IT CLEARLY IMPOSSIBLE TO SQUEEZE THIS AMOUNT OUT OF PRESENT BUDGET. IN DISCUSSIONS WITH UK, HE FINDS UK TREASURY, WHICH STILL WISHES TO SEE BUDGET REDUCED AS MUCH AS POSSIBLE, SHARES THIS VIEW.

2. DEPARTMENT'S VIEWS ON SECGEN'S IDEAS WOULD BE APPRECIATED.

RICHARDSON

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